



## **IOWA FINANCE AUTHORITY BOARD MEETING MINUTES**

**Iowa Finance Authority Presentation Room  
2015 Grand Avenue  
Des Moines, Iowa**

**February 6, 2008**

### **Board Members Present**

Kay Anderson, Chair	Heather Armstrong (via telephone)
Roger Caudron, Vice Chair (via telephone)	Virginia Bordwell (via telephone)
Carmela Brown, Treasurer (via telephone)	David Erickson (via telephone)
Steven Adams (via telephone)	Douglas Walter (via telephone)

### **Staff Members Present**

James Smith, Deputy Director/CFO	Sharon Murphy, Housing & Grants Specialist
Lori Beary, Community Development Director	Julie Noland, Senior Technical Analyst
Roger Brown, Director of Housing Program Compliance	Loyd Ogle, Director of Title Guaranty Division
Mark Fairley, Finance & Investment Manager	Joe O'Hern, Director of HousingIowa
Irene Hardisty, Director of Single-Family Production	Carla Pope, Director of Affordable Rental Production
Judy Hartman, Single-Family Programs Administrative Assistant	Terri Rosonke, Affordable Assisted Living Coordinator
Steven Harvey, Director of Operations	Mark Thompson, General Counsel
Shawna Lode, Communications Director	David Vaske, Low-Income Housing Tax Credit Manager
Susan Mock, Administrative Assistant	Nancy Wallis, Administrative Assistant
Tim Morlan, Underwriter	

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### **Call to Order**

Chair Anderson called to order the February 6, 2008, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:50 a.m. Roll call was taken and a quorum was established with the following members present: Anderson, Armstrong, Brown, Caudron, Erickson and Walter.

Because a quorum was not present in person, Mr. Thompson noted that the meeting was being held electronically due to inclement weather.

### **Review of Minutes**

#### **January 9, 2008, Board Meeting**

Chair Anderson introduced the minutes of the January 9, 2008, meeting of the IFA Board of Directors.

**Motion:** On a motion by Mr. Walter and a second by Mr. Caudron, the Board unanimously approved the minutes of the January 9, 2008, Board meeting.

### **Administration**

Mr. Adams and Ms. Bordwell joined the meeting at 10:55 a.m.

#### **ACCOUNTING and FINANCE**

##### **Review of Financial Statement**

Mr. Harvey presented the December financial statement, noting that as a housing agency, IFA's year-to-date revenue and expenses are unfavorable to budget, making the year-to-date operating income unfavorable to budget by \$149,303. He said some of the deficit is due timing issues and some involves unexpected salary increases.

Mr. Harvey stated that the State Revolving Fund (SRF) year-to-date operating income is currently favorable to budget because IFA is now drawing on the Cap Grants.

**Motion:** On a motion by Mr. Caudron and a second by Ms. Brown, the Board unanimously accepted the December financial statement.

##### **Single-Family Authorizing Resolution, 2008 Series A, B and C**

Mr. Fairley introduced the resolution authorizing the issuance of up to \$95 million of Single-Family Mortgage Bonds. He explained how the bonds would be structured and said IFA plans to price the bonds early in March and close the issue at the end of March.

**Motion:** Mr. Adams made a motion to approve the resolution adopting and approving series resolutions relating to Single-Family Mortgage Bonds, 2008 Series A, 2008 Series B and 2008 Series C and authorizing the issuance, sale and delivery of the Authority's Single-Family Mortgage Bonds pursuant to such series resolutions; authorizing the execution and delivery of one or more Contracts of Purchase and a Continuing Disclosure Agreement; and delegating certain responsibilities to the Executive Director for finalizing certain matters, forms and contents of certain documents. On a second by Mr. Erickson, the Board unanimously approved the resolution authorizing the issuance of Single-Family Mortgage Bonds 2008 Series A, B & C.

##### **Reimbursement Resolution for Single-Family Programs**

Mr. Smith introduced the resolution, which would authorize the reimbursement of purchased mortgage-backed securities (MBSs) from future bond issues. He said IFA is requesting that the Board approve \$30 million for a period of 18 months to move certain MBSs from the Single-

Family Endowment Fund to the 2007 Series K, L, M & N bond issue, and to purchase additional MBSs into the Single-Family Endowment Fund.

**Motion:** On a motion by Ms. Brown and a second by Ms. Armstrong, the Board unanimously approved the Reimbursement Resolution for Single-Family Programs.

**Reimbursement Resolution for the State Revolving Fund (SRF)**

Mr. Smith introduced the resolution authorizing the reimbursement of loan disbursements from future SRF bond issues. He summarized the key points of the resolution, which seeks approval of \$100 million.

**Motion:** Mr. Walter made a motion to approve the resolution providing for reimbursement of certain costs for the Iowa Water Pollution Control Works Financing Program and the Iowa Drinking Water Facilities Financing Program. On a second by Ms. Bordwell, the Board unanimously approved the Reimbursement Resolution for SRF.

**Resolution – Multifamily Loan to Welch Apartments**

Mr. Morlan introduced the resolution authorizing a loan to Welch Apartments, a 20-unit elderly project, which received tax credits in the 2005 funding round. He reported that the project costs exceeded budget in many areas. Mr. Morlan noted the project received additional tax credits in October 2006, but it still needs additional help to cover all project costs. He summarized the terms of the two loans that IFA staff members recommend.

**Motion:** On a motion by Mr. Caudron and a second by Ms. Bordwell, the Board unanimously approved a first and second mortgage loan to Welch Apartments from IFA's Multifamily Housing Loan Program.

**Resolution – Multifamily Loan to Hurst Apartments**

Mr. Morlan introduced the resolution authorizing a loan to Hurst Apartments in Maquoketa. He explained that construction costs for the project exceeded budget because of several factors. Mr. Morlan stated that staff members recommend a bifurcated first loan and a second loan to allow the project to convert the construction loan into a permanent loan with the tax credit equity, housing trust fund monies and general partner contribution. He summarized the terms of the proposed loans.

**Motion:** On a motion by Mr. Walter and a second by Mr. Caudron, the Board unanimously approved a first and second mortgage loan to Maquoketa Housing II for Hurst Apartments from IFA's Multifamily Housing Loan Program.

**LEGAL**

**Adopted and Filed – Rule 26.5(7)1, “Water Pollution Control Works and Drinking Water Facilities Financing”**

Mr. Thompson explained that the Board approved the rules adopted and filed emergency on December 5, 2007, in order for them to become effective immediately. The Board then adopted the Notice of Intended Action at the same meeting, so the amendments could proceed through the normal rulemaking process. Mr. Thompson noted that the amendments will allow SRF borrowers to prepay loans without penalty. He said the Administrative Rules Review Committee has considered the amendments and had no concerns.

**Motion:** Ms. Bordwell made a motion to approve the amendments to Chapter 26, “Water Pollution Control Works and Drinking Water Facilities Financing,” adopted and filed. On a second by Mr. Caudron, the Board voted unanimously to approve the amendments to Chapter 26 of the Iowa Administrative Code.

**Resolution – Interpretation of Military Service Member Homeownership Assistance Program Rules**

Mr. Thompson introduced a resolution about the requirement that military service members use participating lenders in order to qualify for the matching grant and whether that requirement should be applied retroactively to home purchases made prior to the adoption of the rules.

Mr. Thompson reported that IFA is aware of approximately five military service members who were denied benefits under the program due to a failure to use participating lenders in connection with home purchases made prior to July 14, 2006, the effective date of the administrative rules. He noted that after reviewing the facts and the rules, and after consulting with the Governor’s Office, staff recommends that the Board adopt an interpretation of the rules that would exempt the participating lender requirement retroactive to the adoption of the administrative rules. He said the proposed resolution also directs staff to identify any military service members who were disqualified because of failure to use a participating lender for a home purchase prior to July 14, 2006, for the purpose of re-evaluating their claims.

**Motion:** On a motion by Ms. Brown and a second by Mr. Walter, the Board unanimously adopted the interpretation of the Military Service Member Homeownership Assistance Program, in order to exempt the participating lender requirement retroactive to home purchases made prior to July 14, 2006.

**Resolution – Tentative Order Granting Request for Waiver to Skyline Center for Project-Based Housing Program**

Mr. Thompson introduced a resolution and a tentative Order Granting Request for Waiver of Section 2.5.9 of the Project-Based Housing Program Allocation Plan (Iowa Administrative Code Rule 265—19.1). He noted that at the January Board meeting, the Board directed him to draft a tentative order granting the request, with the understanding that the determination of whether to grant or deny the request would be subject to a full reconsideration by the Board in February.

Ms. Rosonke provided a brief history of this project, stating that at the January Board meeting, the IFA Board asked staff to see if additional funding was available from any other IFA source to help the project meet costs without the requested waiver. She explained that staff could find no funding to fill the gap. Ms. Rosonke noted that the Board expressed concern in January that granting such a waiver would set a precedent for other applicants. She reported that IFA has received another application that will also require a waiver in order to qualify for an award. She said that applicant is waiting for the results of the Skyline Center waiver before submitting its own request for a waiver.

Ms. Rosonke noted that the staff recommendation is that the Board not approve the waiver for the Skyline Center because of the obvious possibility of setting a precedent. Ms. Pope added that staff is concerned that such a waiver would create a negative perception of how the SHTF money is used, and that the Legislature would believe that IFA is not taking seriously the responsibility to use the money for the creation of new units for very low-income individuals.

**Motion:** Mr. Caudron made a motion to deny the request for a waiver to Skyline Center and directed Mr. Thompson to present a written order to that effect at the March 5, 2008, Board meeting. On a second by Mr. Erickson, the Board voted unanimously to deny the request for waiver of Section 2.5.9 of the Project-Based Housing Program Allocation Plan (Iowa Administrative Code Rule 265—19.1).

### **LEGISLATIVE**

In the absence of Mr. Jones, Mr. Smith reported that Dr. Heather MacDonald would make presentations to the House Economic Growth Committee and the Senate Economic Growth Committee on February 19. He noted Mr. Jones would let the Board know when the time and location are finalized.

Mr. Smith announced that the Kerry-Smith amendment, dealing with Private Activity Bond Cap, was added to the economic stimulus package. He said Mr. Jones would keep the Board informed on the bill's progress.

### **COMMUNICATIONS**

Ms. Lode reported that the Board packets included a copy of the first issue of *Settling In*, the newsletter that IFA will send quarterly during the first year after someone purchases a home using the FirstHome and FirstHome Plus programs. She also noted that IFA received much media coverage dealing with the record year for the FirstHome Program.

Ms. Lode announced that IFA has issued a Request for Proposal (RFP) to photographers around the state to begin taking photos of homes purchased through the FirstHome program for use in marketing.

Ms. Lode showed an example of a new cooperative advertising initiative IFA is beginning for lenders to advertise their business along with IFA's FirstHome Program. She explained that IFA will purchase a full-page ad with space for individual lenders to buy space at a lower rate than they could buy on their own. Ms. Lode said IFA will run the first ad in the *Iowa Bystander* newspaper on February 22, 2008, with advertisements from six lenders. She explained that the goal is to run similar ads in various areas around the state in the near future.

### **ECONOMIC DEVELOPMENT PROGRAM**

#### **Public Hearing for ED Loan #07-38A, Central College Project**

Ms. Noland asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$47,000,000 of Iowa Finance Authority College Revenue and Refunding Bonds for Central College in Pella, Marion County. She said the bonds will be used to finance the construction of a new building to house the Education, Psychology and Community Outreach departments; to provide funds for the renovation of Scholte Hall and other campus improvements and renovations; and to refund previously issued Private College Facility Revenue Bonds and pay for the cost of issuance related to those bonds. Ms. Noland stated that the project would not require Private Activity Bond Cap.

**Public Hearing:** Chair Anderson opened the public hearing at 11:27 a.m. regarding the issuance of an amount not to exceed \$47,000,000 of Iowa Finance Authority College Revenue and Refunding Bonds for Central College in Pella. Ms. Noland said IFA had received no written or

verbal comments regarding the project. There being no comments from the audience, Chair Anderson closed the public hearing at 11:28 a.m.

#### **Public Hearing and ED Resolution #07-39B, Midwest Metal Products Project**

Ms. Noland asked the Board to hold a public hearing regarding the issuance of an amount not to exceed \$2,000,000 of Iowa Finance Authority Industrial Development Revenue Bonds for Midwest Metal Products in Cedar Rapids, Linn County. She said the bonds will be used to purchase equipment such as brake presses, a turret laser fabricator, spot welders, brake fasteners, fastening equipment and other heavy machinery used in manufacturing. Ms. Noland noted that the project will require Private Activity Bond Cap.

**Public Hearing:** Chair Anderson opened the public hearing at 11:29 a.m. regarding the issuance of an amount not to exceed \$2,000,000 of Iowa Finance Authority Industrial Development Revenue Bonds for Midwest Metal Products Project in Cedar Rapids. Ms. Noland said IFA had received no written or verbal comments regarding the project. There being no comments from the audience, Chair Anderson closed the public hearing at 11:30 a.m.

#### **ED Resolution #07-39B, Midwest Metal Products Project**

Ms. Noland introduced an authorizing resolution for \$2,000,000 of Iowa Finance Authority Industrial Development Revenue Bonds for Midwest Metal Products in Cedar Rapids. She reported that the Board adopted the inducement resolution on December 31, 2007.

**Motion:** Mr. Adams made a motion to approve the resolution authorizing the issuance of not to exceed \$2,000,000 of Iowa Finance Authority Industrial Development Revenue Bonds (Midwest Metal Products Project), Series 2008, for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; authorizing the appointment of a trustee; and related matters. On a second by Ms. Bordwell, the Board unanimously approved Resolution #07-39B.

### **HousingIowa**

#### **SINGLE-FAMILY HOUSING PROGRAMS**

##### **Resolution – NewHome Construction Loan to Northeast Iowa Community Action Corporation, Inc. (NEICAC)**

Ms. Murphy introduced a resolution authorizing a construction loan to NEICAC in the amount of \$130,000 to build two rent-to-own homes, one in Lawler, Iowa, and one in West Union, Iowa. She explained that a family would rent a home for \$450/month while participating in one-on-one homeownership counseling to learn about the home-buying process, homeownership skills, repairing credit and saving for a down payment. Ms. Murphy noted that the property manager, who is a NeighborWorks Certified Home Buyer Educator, would conduct the training.

Ms. Murphy reported that the homes will be built for families earning less than 60 percent of the area median income (AMI), and that the estimated house payment after purchase should be about \$450/month, equal to the rent. She summarized the terms of the loan, and stated that the applicant has recently completed five rent-to-own homes, four of which are currently rented.

**Motion:** On a motion by Mr. Walter and a second by Mr. Adams, the Board unanimously approved the NewHome construction loan to NEICAC for two rent-to-own homes located in West Union and Lawler, Iowa.

**Resolution – IFA Match for National Foreclosure Mitigation Counseling (NFMC) Grant**

Ms. Noland introduced a resolution authorizing IFA to apply to NeighborWorks America for a grant under the NFMC Grant program, and authorizing the commitment and expenditure of an amount up to \$115,000 as matching funds for the grant. She explained that the FY2008 Consolidated Appropriations Act named NeighborWorks America to administer the \$180 million NFMC program, requiring at least \$50 million to be awarded to states and areas with the greatest need within 60 days of the legislation's enactment.

Ms. Noland reported that IFA, Iowa Home Ownership Education Project (IHOEP) and Iowa Mediation Service (IMS) have drafted a preliminary budget and are working together on the grant application. She noted that the application is due on February 8, 2008, and that the first disbursements to awardees will take place on March 1, 2008.

Ms. Noland answered questions from Board members regarding how the counseling is handled and what is included in the counseling. She explained that the budget is still pending final approval and could change slightly before the application is submitted.

**Motion to Amend the Resolution:** Mr. Caudron made a motion to amend the resolution to include the words “up to” for the monetary amounts in paragraphs 6, 9 and 10 of the resolution. On a second by Ms. Brown, the Board unanimously approved the amendment to the resolution.

**Motion to Approve the Resolution as Amended:** On a motion by Mr. Walter and a second by Mr. Caudron, the Board unanimously approved the resolution as amended, authorizing IFA to apply to NeighborWorks America for a grant in an amount up to \$2.15 million, and authorizing the commitment and expenditure of up to \$115,000 as matching funds if IFA is awarded the grant.

**AFFORDABLE RENTAL PRODUCTION**

**Resolution – Project-Based Housing Program Awards**

Ms. Rosonke reported that staff is recommending that awards be made under the Project-Based Housing Program to two applicants requesting a total of \$180,000. She said Maquoketa Housing II (Hurst Apartments) and the Welch Apartments are each requesting \$90,000 to assist in paying off the project's construction loan. Ms. Rosonke noted that the awards will be contingent upon documentation that all sources of funds identified in the projects' budgets have been secured.

Ms. Rosonke also explained that both projects have received Low-Income Housing Tax Credit (LIHTC) awards in the past and do not require a waiver as requested by the Skyline Center because both projects currently meet the requirement of at least 33 percent of the units being rented to extremely low-income households.

**Motion:** On a motion by Mr. Adams and a second by Mr. Erickson, the Board unanimously approved the resolution awarding grants under the Project-Based Housing Program to the two recipients and in the amounts listed in Exhibit A of the resolution.

**Presentation by Mr. Mike Jacobs, National Equity Fund, re: Analysis and Update on Federal Low-Income Housing Tax Credit Market Conditions**

Ms. Pope introduced Mr. Mike Jacobs and Mr. Scott Fitzpatrick from National Equity Fund. Ms. Pope announced that National Equity Fund is a syndicator for many tax credit projects around the country.

Mr. Jacobs explained that current poor market conditions and a lack of competition cause syndicators to pay less for the tax credits awarded to a developer. Therefore, developers are often losing their syndicators when the project is nearly completed, thus putting the project at risk of failure. He said the Qualified Allocation Plan (QAP) for the LIHTC Program will need to be adapted to meet the needs of projects in order to ensure success in the future.

Ms. Pope reported that IFA staff members are researching ways to revise the QAP to address the issues. She said staff members will contact syndicators for input during the revision process.

**Title Guaranty Division (TG)**

Mr. Ogle reported that January revenue exceeded \$340,000. He summarized some legislation proposed by TG for the current legislative session regarding the Mortgage Release Program and Closing Protection Letters, noting that if the Legislature approves the two bills, TG will draft administrative rules for the programs.

Mr. Ogle also reported that TG submitted a bill for licensing escrow agents and closers, but he said he does not expect that bill to progress through the system during the current session.

**Water Quality Programs**

**Resolution – Planning and Design Loans**

Ms. Beary introduced a resolution to approve Planning and Design Loans for Boone, Rock Valley, Des Moines Metropolitan Wastewater Reclamation Authority and Poweshiek Water Association for a total of \$5,176,300. She noted that with the adoption of this resolution, IFA has approved Planning and Design Loans in FY08 for 33 projects totaling more than \$15.3 million.

**Motion:** On a motion by Ms. Bordwell and a second by Mr. Erickson, the Board unanimously approved the Planning and Design Loan Resolution.

**Miscellaneous Items**

**Receive Comments from General Public**

Chair Anderson opened the public comment period and asked if anyone in the audience would like to address the Board.

Mr. Bob Burns, architect and developer from Iowa City, addressed the Board on issues surrounding Mr. Jacobs' presentation about tax credit market conditions.

Mr. Jim Conlin, developer, spoke about the market conditions for tax credit projects.



There being no additional audience members wishing to address the Board, Chair Anderson closed the public comment period.

Chair Anderson said the next meeting would be held at 10:45 a.m. on March 5, 2008, in IFA's Presentation Room.

### **Adjournment**

There being no further business, on a motion by Mr. Caudron and a second by Ms. Armstrong, the February 6, 2008, meeting of the IFA Board of Directors adjourned at 12:12 p.m.

Dated this 5th day of March 2008.

Respectfully submitted:

Approved as to form:

Bret L. Mills  
Executive Director  
Iowa Finance Authority

Roger J. Caudron, Vice Chair  
Iowa Finance Authority

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